

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 IO-13 AID-05 CIAE-00 COME-00 EB-07  
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02  
OPIC-03 SP-02 LAB-04 EPG-02 SIL-01 OMB-01 DODE-00  
PM-04 H-01 L-03 NSC-05 PA-01 PRS-01 SS-15 /099 W  
-----101534Z 018939 /44

P R 101400Z JUN 77  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC PRIORITY 8937  
INFO AMCONSUL BREMEN  
AMCONSUL DUSSELDORF  
AMCONSUL FRANKFURT  
AMCONSUL HAMBURG  
AMCONSUL MUNICH  
AMCONSUL STUTTGART  
USMISSION USBERLIN  
AMEMBASSY BRUSSELS  
AMEMBASSY BERLIN  
AMEMBASSY PARIS  
AMEMBASSY LONDON  
AMEMBASSY ROME

C O N F I D E N T I A L SECTION 01 OF 02 BONN 09780

USEEC ALSO FOR EMBASSY

E.O. 11652: GDS  
TAGS: ELAB, GW, PINT  
SUBJECT: NEW CDU "FULL EMPLOYMENT" PROGRAM MEETS WITH  
CSU CRITICISM

REF: BONN 8276

SUMMARY: THE CDU EXECUTIVE BOARD HAS APPROVED A PAPER  
OUTLINING A COMBINED ECONOMIC INCENTIVE AND MANPOWER  
PROGRAM PREPARED BY THE CDU PRESIDUM. THE CDU EXECUTIVE  
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COUNCIL WILL EXAMINE THE PROPOSAL WHEN IT MEETS ON  
JUNE 13. CSU CHAIRMAN FRANZ JOSEF STRAUSS, HOWEVER, HAS  
S/HARPLY CRITICIZED CERTAIN PORTIONS OF THE PROGRAM AND  
LOUDLY OBJECTED THAT IT HAD NOT BEEN COORDINATED WITH  
THE CSU BEFOREHAND. THIS RENEWAL OF PUBLIC INFIGHTING  
BETWEEN THE CSU AND THE CDU COMES AT A TIME WHEN THE  
OPPOSITION SHOULD BE IN A POSITION TO SIT BACK AND

ENJOY THE GOVERNMENT'S DIFFICULTIES. CDU CHAIRMAN KOHL AND HIS ALLIES IN THE CDU EXECUTIVE BOARD FOUGHT THE PROGRAM THROUGH AND OBTAINED APPROVAL BY THE MAJORITY DESPITE STRAUSS' PUBLIC OPPOSITION. WHILE THE SPD/FDP COALITION VIEWS THE PROGRAM WITH SKEPTICISM, AN SPD SPOKESMAN (AS DID STRAUSS) CLAIMED THE CDU APPROACH IS BASICALLY A COPY OF THE COALITION'S RECENT PROPOSALS (REPORTED SEPTEL). END SUMMARY.

1. THE CDU FULL EMPLOYMENT PROGRAM, LEAKED TO THE PRESS OVER THE JUNE 4/5 WEEKEND, CALLS FOR INITIATIVES TO ALLEVIATE THE FRG'S PROBLEM WITH UNEMPLOYMENT. BASIC TO THE PROGRAM ARE A SERIES OF ECONOMIC INCENTIVES (SUCH AS TAX REDUCTIONS, INCREASED SUBSIDIES FOR INVESTMENTS AND HIGHER DEPRECIATION ALLOWANCES), AIMED AT ENCOURAGING THE PRIVATE SECTOR TO CREATE NEW JOBS.

2. IN ADDITION, THE CDU "FULL EMPLOYMENT PROGRAM PROPOSES A VARIETY OF MEASURES TO REDUCE TEMPORARILY THE NUMBERS OF WORKERS GLUTTING THE MARKET. IN PARTICULAR, THE PROGRAM PROVIDES FOR:

A) TEMPORARY REDUCTION OF THE "FLEXIBLE RETIREMENT AGE" TO 60 YEARS OF AGE IN 1978 (57 FOR WOMEN), BUT THEREAFTER A GRADUAL INCREASE AGAIN TO AGE 63 (OR AGE 60 FOR WOMEN), AS PROVIDED FOR UNDER PERTINENT REGULATIONS, BY 1981;

B) GRANTING OF AN "EDUCATION ALLOWANCE" TO MOTHERS (OR

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FATHERS) DURING THE FIRST YEAR AFTER CHILDBIRTH IF THEY GIVE UP THEIR JOBS IN THIS PERIOD. THE AMOUNT OF SUCH ALLOWANCES WOULD AMOUNT TO ABOUT DM 300 MONTHLY GEARED TO FAMILIES WITH LOWER INCOMES;

C) GRADUAL INTRODUCTION OF A TENTH YEAR OF COMPULSORY SCHOOL EDUCATION;

D) ENCOURAGING UNIONS AND EMPLOYERS' ASSOCIATIONS TO NEGOTIATE PROVISIONS ON SHORTER WORKING HOURS UNDER COLLECTIVE AGREEMENTS.

THESE MEASURES WOULD MAKE ABOUT 250,000 JOBS AVAILABLE AS A RESULT OF THE REDISTRIBUTION EFFECT, THE CDU CLAIMS.

3. ACCORDING TO CDU ESTIMATES, THE TOTAL COSTS OF THE PROGRAM WOULD BE ABOUT DM 13.9 BILLION. FUNDS COULD BE MADE AVAILABLE BY CUTTING BACK CERTAIN ITEMS IN THE FEDERAL BUDGET AND SHIFTING FUNDS FROM THE UNEMPLOYMENT

INSURANCE TO THE OLD AGE INSURANCE SYSTEM, SINCE THE  
REDUCTION OF UNEMPLOYMENT WOULD MEAN SAVINGS FOR THE  
UNEMPLOYMENT INSURANCE FUNDS. THE CDU PLAN ARGUES, HOW-

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EVER, THAT ON AN OVERALL BALANCE SHEET, THE PROGRAM  
WOULD COST NOTHING SINCE 1 MILLION UNEMPLOYED COST DM 18  
BILLION ANNUALLY TO SUPPORT.

4. CSU CHAIRMAN FRANZ JOSEF STRAUSS SAID ON JUNE 6 THAT  
THE CSU WOULD HAVE VOICED MAJOR MISGIVINGS AGAINST PARTS  
OF THE "FULL EMPLOYMENT" PROGRAM IF IT HAD BEEN DISCUSSED  
IN THE JOINT CDU/CSU BUNDESTAG FACTION (WHICH WAS NOT THE  
CASE). WHILE THE CSU ENDORSES THE ECONOMIC INCENTIVES  
AND TAX REDUCTIONS, IT HAS OBJECTIONS TO THE REDUCTION

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OF THE RETIREMENT AGE AND THE INTRODUCTION OF ADDITIONAL VOCATIONAL EDUCATION, STRAUSS STATED. HE ADMITTED THAT GRANTING OF AN "EDUCATION ALLOWANCE" TO YOUNG MOTHERS HAS BEEN AN OLD PROGRAM DEMAND OF THE CDU/CSU, BUT THE CSU WOULD HAVE WISHED TO POSTPONE THIS ISSUE UNTIL GOVLNMENT FINANCES KD BEEN RECONSOLIDATED.

5. THE FEDERAL LABOR MINISTRY HAS BEEN CRITICAL OF THE CDU "FULL EMPLOYMENT" PROPOSALS. REDUCTION OF THE RETIREMENT AGE WOULD COST THE OLD AGE INSURANCE SYSTEM DM 6 TO 7 BILLION ANNUALLY, AND THE EMPLOYMENT EFFECT WOULD BE QUESTIONABLE, THE MINISTRY ARGUES. SPD BUNDES-TAG DEPUTY EUGEN GLOMBIG ALSO POINTED OUT THAT THE PROPOSAL ON A TEMPORARY REDUCTION OF THE RETIREMENT AGE TO BE FINANCED THROUGH GOVERNMENT SUBSIDIES MUST BE LABELED AS "UNREALISTIC AND FINANCIALLY QUESTIONABLE." HE NOTED THAT THE CDU HAD SIMPLY COPIED AND THUS ADOPTED FOR ITSELF SOME SPD PROPOSALS.

6. THE POLITICAL DYNAMICS INVOLVED IN BRINGING TOHIFE THE CDU "FULL EMPLOYMENT" PROPOSALS ARE AS IMPORTANT AS THE SUBSTANCE OF THE PROPOSALS THEMSELVES. THE DRAFTERS OF THE PROGRAM WERE CDU SECRETARY GENERAL GEISSLER, SCHLESWIG-HOLSTEIN MINISTER-PRESIDENT STOLTENBERG, AND FORMER CDU SECRETARY GENERAL BIEDENKOPF. THE PROPOSALS WERE LEAKED TO "DIE WELT" WHICH OFTEN SUPPORTS FRANZ JOSEF STRAUSS, PARTICULARLY WHEN HE IS CRITICAL OF HELMUT KOHL, WHICH PUBLISHED THE PROGRAM BEFORE IT WAS DISCUSSED IN THE CDU EXECUTIVE COMMITTEE. KOHL, GEISSLER AND STOLTENBERG (BIEDENKOPF BACKED AWAY SOMEWHAT FROM THE PROPOSALS DURING THE HEAT OF THE DEBATE) WERE SUCCESSFUL IN OBTAINING A MAJORITY DESPITE THE PROTESTATIONS OF STRAUSS' ALLIES IN THE COMMITTEE.

7. THE DEBATE OVER THE CDU "FULL EMPLOYMENT" PROGRAM IS JUST ANOTHER EXAMPLE AS TO HOW UNEASY THE TRUCE IS  
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BETWEEN THE UNION PARTIES. SUPPORTERS OF THE PROGRAM KNEW THAT HAD THEY ATTEMPTED TO GET STRAUSS' CLEARANCE BEFOREHAND, THE PROGRAM WOULD NEVER HAVE SEEN THE LIGHT OF DAY. AT THE SAME TIME, KOHL REALIZED THAT ONCE THE CONTROVERSY BECAME PUBLIC HE WOULD HAVE TO GET THE PROGRAM THROUGH THE EXECUTIVE COMMITTEE OR HE WOULD LOSE

FACE IN A CONFRONTATION WITH FRANZ JOSEF STRAUSS.  
KOHL WAS SUCCESSFUL, BUT THE INCIDENT IS FURTHER  
EVIDENCE OF THE OPPOSITION'S INABILITY TO UNITE SO THAT  
IT MIGHT TAKE BETTER ADVANTAGE OF THE GOVERNMENT'S MIS-  
TAKES.MOEECSTOESSEL

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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009